



CITY OF NEW RICHMOND
THE CITY BEAUTIFUL

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**Community Development Authority Meeting
City of New Richmond, Wisconsin
Wednesday, June 10, 2015
8:00 a.m. at the Civic Center (ED LAB)**

If you are unable to attend the meeting, please notify Marie Bannink at 246-4268.

AGENDA:

1. Call to Order
2. Roll Call
3. Adoption of Agenda
4. Approval of the Previous CDA Meeting Minutes – January 7, 2015
5. Election of officers
6. Refinancing Proposal for the New Richmond Area Centre Bonds
7. Announcements
8. Adjournment

cc: The News
Northwest Community Communications
City Website

A majority of the members of the New Richmond City Council may be present at the above meeting. Pursuant to State ex rel. Badke v. Greendale Village Board., 173 Wis. 2d 553, 494 N.W. 2nd 408(1993) such attendance may be considered a meeting of the City Council and must be noticed as such, although the Council will not take action at this meeting.

If you need a sign language interpreter or other special accommodations, please contact the City Clerk at 246-4268 or Telecommunications Device for the Deaf (TDD) at 243-0453 at least 48 hours prior to the meeting so arrangements can be made.

Come Grow With Us!

**CITY OF NEW RICHMOND
COMMUNITY DEVELOPMENT AUTHORITY
WEDNESDAY, JANUARY 7, 2015**

Pursuant to due call and notice thereof, a meeting of the Board of Commissioners of the Community Development Authority was called to order by MaryKay Rice at 8:03 a.m.

Members Present: John Soderberg, Scottie Ard, Gary Cronick, MaryKay Rice, James Jackson, and Jason Zahradka (8:05 a.m.)

Members Absent: Jessie Klopp

Others Present: Janet Zimmer, Mike Darrow, Beth Thompson, and Marie Bannink

Scottie Ard moved to approve the agenda, seconded by Gary Cronick, and carried.

Scottie Ard moved to approve the minutes of the July 15, 2014 meeting, seconded by James Jackson, and carried.

Discussion and Action on CDBG loan for 733 E 11th Street:

Janet Zimmer, gave background information on Dannie Turner the homeowner at 733 E 11th Street. Janet explained with the short sale the City would only receive \$6,000.00 against the \$14,549.69 lien. Beth Thompson explained this situation is very unique with her age and her current income. Scottie Ard moved to accept the short sale \$87,000.00 with the City receiving \$6,000.00 knowing that each case will be taken on an individual case based on hardship and finding of facts; regarding short sales the additional \$8,500.00 owed will be forgiven in this situation. Future considerations will be considered by a case by case basis, seconded by John Soderberg, roll call taken, motion carried.

Announcements:

Beth Thompson thanked Janet for coming out in this weather and helping out with the CDBG's.

Scottie Ard moved to adjourn the meeting, seconded by Gary Cronick, and carried.

Meeting adjourned at 8:30 a.m.

Minutes by Marie Bannink

CURRENT OFFICERS

Jason Zahradka – Chair
MaryKay Rice – Vice Chair

ECKBERG LAMMERS
MEMORANDUM

TO: Community Development Authority of the City of New Richmond
Beth Thompson, Community Development Director
Joe Green, First National Community Bank of New Richmond

FROM: Andy Pratt, Finance Attorney

DATE: June 8, 2015

RE: New Richmond Area Centre Refinancing Bond

Background

On May 11, 2012, the Community Development Authority of the City of New Richmond, Wisconsin issued its Redevelopment Revenue Bond (New Richmond Area Centre, Ltd. Project), Series 2012, in the original aggregate principal amount of \$980,000, to provide financing for the renovation and equipping of a recreational, fitness and community facility leased by the New Richmond Area Centre, Ltd. from the City of New Richmond, located at 428 South Starr Avenue. The Series 2012 Bond was purchased by Bremer Bank, National Association. The CDA issued the Series 2012 Bond on a tax-exempt basis (i.e. Bremer Bank was not obligated to pay taxes on the accrued interest from the Series 2012 Bond), which allows for a lower interest rate and additional cost savings to the Centre. The Series 2012 Bond matures on May 11, 2032.

Political subdivisions such as counties, cities, community development authorities, housing authorities, and certain state agencies are authorized under state law to issue revenue bonds to finance various projects on behalf of non-profit and other qualifying private corporations. These bonds are payable purely from revenue streams of the non-profit or other qualifying private borrower. There is no authority for the bondholder(s) to demand payments from the general fund of a political subdivision, and a political subdivision may not pledge a tax levy or make a general obligation pledge to repay the revenue bonds. This is why the financing is described as a "conduit revenue" bond; the issuing authority is merely a conduit between the non-profit borrower and the bondholder(s). In the case of the Series 2012 Bond, the CDA issued the bond and loaned the bond proceeds to the Centre pursuant to a Loan Agreement. Bremer Bank set up a repayment schedule, and the CDA paid debt service directly to the Bank. As security, the Bank took a mortgage against the property located at 428 South Starr Avenue.¹

¹ The Centre leases the land at 428 South Starr Avenue from the City, under a lease dated as of December 31, 2008. The Lease term expires on December 31, 2048. Therefore, if Bremer Bank ever foreclosed on its mortgage against the Centre, it would repossess the land subject to the Lease with the City.

The interest rate on the Series 2012 Bond is a variable rate, with a floor of 2.960%, and potentially an unlimited ceiling, depending on what the current prime rate of interest is (as of June 1, 2015, the prime rate for bank loans was 3.25%). The Series 2012 Bond is additionally prepayable at any time without penalty.

Refinancing Proposal

In recent months, the Centre approached area banks with a proposal to refinance the Series 2012 Bond. First National Community Bank of New Richmond was selected to refinance the bond, and proposed a fixed tax-exempt interest rate of 2.420%, and a bond maturity of June 2030. This refinancing is appealing to the Centre due to the following:

- The interest rate is being converted from a variable rate to a fixed rate. A fixed rate by definition lowers the amount of uncertainty and risk for the Centre, as the Centre is able to plan and budget accordingly for these consistent debt service payments.
- The fixed interest rate is lower than the lowest possible rate on the variable financing (2.420% vs. 2.960%).
- The new bond will be paid off quicker than the old bond (June 2030 vs. May 2032).

Refinancing Process

The process to issue the refunding bond is relatively straightforward. I have reviewed relevant state statutes and federal tax regulations, and have concluded that refunding bonds do not need to be approved after a public hearing. Therefore, the CDA can simply approve the refinancing based on the terms outlined above. A new loan agreement between the CDA and the Centre, a new mortgage between the Centre and First National Community Bank, and other financing documents will be executed by the relevant parties if the refinancing is approved. Closing on the refinancing is tentatively scheduled for June 24, 2015.

I will be present at the CDA's special meeting, scheduled for 8:00am on June 10, 2015, to provide further details on this transaction and answer any questions. Joe Green from the Bank is also planning to be at the meeting. In the meantime, if you have any questions or comments whatsoever, please contact me directly at 651.351.2125 or apratt@eckbergglammers.com.